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THE BRITISH RECONSTRUCTION PROGRAMS

INDUSTRIAL reorganization in England is a question of immediate practical urgency. Never since the industrial revolution has there been more widespread and thorough-going consideration of the weaknesses and needs of Britain's economic system. And never has there been a more realistic and constructive note in the proposals of reformers. The outcome may be uncertain, yet with such a critical attitude abroad substantial changes are inevitable. In order to understand the meaning of the various changes proposed it is necessary to examine first the operation of the forces that have been at work to compel the consideration of reconstruction; for reconstruction will not be a bolt from the blue, but a resultant derived from the clash of conflicting opinions and interests.

I

The first reason for the creation of a Reconstruction Ministry, which took place in 1916, and for the ensuing agitation upon this whole question, is that unrest in the industrial population has been constantly increasing. Official cognizance of this fact was taken by the appointment of a Commission of Enquiry into Industrial Unrest, in June 1916, "to enquire into and report upon the causes of industrial unrest and to make recommendations to the Government at the earliest practicable date."¹ A well-informed London correspondent says mildly:

Some people have even developed a habit of talking of a revolution in Britain as if it were a matter of course, this group being divided between those who declare it will come during the war and those who regard it as a matter of certainty after the war.²

The causes of this revolutionary spirit are to a certain extent identical with the causes which have lent impetus to the discus-

¹ See Summary of Reports, Commission of Enquiry into Industrial Unrest, London, 1917. Cd. 8696.

² *Christian Science Monitor*, Nov. 1, 1917.

sion of reconstruction. The fear of the workers that trade-union standards will not be restored, their hostility to the compulsory arbitration required by the Munitions Act, the growing separation between the rank and file of labor and its leaders—these have all created uneasiness in working-class circles and have turned the thought of the workers to ways and means of preventing a return to the pre-war industrial system, or at least to those features of it which were most objectionable to them.

In the second place, it is probable that the power now possessed by the "Triple Alliance" of trade unions is making the employers ponder the feasibility of some better system of checks and balances in the government of industry than is now known. For this alliance, composed of nearly two million employees of the railroads, the docks and the coal mines, is in a position to cripple the traffic of the islands if it determines to make a stand in behalf of its demands. Whenever labor has the balance of power, employers become suddenly interested in the creation of parliamentary machinery for the amicable adjustment of disputes. Exactly as employers in our own country at the time of the passage of the Adamson Law became vehement over "the principle of arbitration," so employers in England formerly indifferent have been awakened by the new strength of labor to realize the value of arbitration proceedings.

A third incentive to thought on reconstruction comes from the grave problems of demobilization, which are already being taken up on every side. In some way the re-absorption of nearly five million soldiers will have to be effected, while simultaneously munitions plants will have to be diverted to the manufacture of other products and a policy of reconstruction worked out.

There is, fourth, the impetus which the guild socialists have given to the study of drastic reforms. They are avowedly anxious that, if possible, a transition to the national guild system be effected, or at least begun, immediately after the war. Their analysis of the needs of the hour has been well expressed thus:

The factors to be conciliated by the new social contract are (a) a more or less blind revolt against degrading conditions; (b) the imperative

necessity of a more scientific efficient system of production ; (c) the call for a higher spiritual and moral life ; and (d) a revived passion for freedom.¹

Fifth, the urgent need of reconstruction is being pressed by those concerned for high productivity and therefore for "harmony" and "co-operation" in industry. Stress is laid on the fact of the low per capita output of British workers compared with those of Germany and the United States ; and limitation-of-output policies are condemned from every angle. Those who approach the industrial problem in this way are actuated by various motives. There is one motive, however, so sharply differentiated from the rest that it really becomes a separate cause of the reconstruction agitation, and should therefore be separately mentioned.

This sixth cause is the desire for the imperial supremacy of England, an end to be gained by greatly increased production at a minimum cost per unit of product. This reason is to be met in public utterances from widely different sources. From a series of articles in the *London Times*² which received wide publicity the following sentences are typical :

In this time of reconstruction there are two entirely divergent ways in which the new [industrial] education may develop ; one leading straight to Britain's last muddle, and the other to an Imperial renaissance. . . . Both sides were demoralized by the old conditions. Both sides are still imperfectly adapted to the new possibilities and necessities. Neither has much right to call the other shortsighted or narrow. They have got to go to school together if the empire is to be saved. . . . The central idea about which any scheme of Imperial reconstruction must be grouped is the idea of economic syndications upon a national or Imperial scale.

From every quarter, therefore, from labor-conservative and labor-radical, from employer and statesman, has come explicit statement that the industrial institutions of England are "rotten-ripe for change." Is it to be wondered at that from a dozen

¹ S. G. Hobson, *Guild Principles in Peace and War*, p. 102.

² Reprinted by Nesbit & Co. Ltd., under title, *The Elements of Reconstruction*. Quotations are from pp. 40, 61 and 90.

directions at once have sprung programs and schemes of reorganization? The remarkable thing is rather that these have been so few and that they have with one or two exceptions followed so uniformly along the same lines.

II

The fairest impression of the quality of these proposals will be gained if we first quote or summarize the essence of each, and then discuss the proposed scope of their operation.

The labor unions themselves were among the first to formulate plans for closer working arrangements with employers. From the building-trade unions comes this proposal:

A builders' national industrial parliament has been advocated by the National Associated Building Trades Council, representing the national executives of the principal trade unions in the industry. The constitution calls for works committees, representing management and labor in particular shops, for joint district boards, and for a national parliament, where sit twenty members appointed by the National Federation of Building Trades Employers of Great Britain and Ireland, and twenty members appointed by the National Associated Building Trades Council.¹

It is interesting to note that an almost identical plan has been brought forward by Mr. Sparkes, a London master builder who wants a permanent "Industrial Parliament of the Building Industry."² We shall consider his plan at greater length when discussing the subjects on which it is proposed that joint dealing shall take place, for Mr. Sparkes has worked out with some care his ideas in this direction.

Mr. F. S. Button, of the executive council of the powerful Amalgamated Society of Engineers, has made public an elaborate plan worked out by that organization for the creation of shop committees, central works council, local joint committees and central conciliation board, to each of which is given juris-

¹ Quoted from article by Arthur Gleason in *The Survey*, May 19, 1917. I am also indebted to him for information about the A.S.E. and the other unions mentioned.

² See Sidney Webb, *The Restoration of Trade Union Conditions*, p. 97.

diction over a prescribed field in accordance with the constitution under which the industry would presumably be conducted.

There is also in actual operation in both the coal mines and the railroads a type of joint dealing which recognizes the essential features of the preceding proposals; that is, there are local shop committees to settle local grievances, joint district boards made up of representatives of owners and workers, and a national conciliation board, which is a permanently available mediating body.

Mr. Sidney Webb's proposal is for "a new industrial charter,"¹ the five important features of which are:

I. The prevention of unemployment by a program of public works undertaken in periods of slack private industry.

II. The maintenance of the standard rates of wages which shall be a minimum and not a maximum, and which shall be decided by a "joint board of employers and employees, to which all employers in the industry and all trade unions claiming to include any considerable number of workers in it should be invited to take part."²

III. A constitution for factory and industry in which there shall be written guarantees of universal acceptance of trade unionism and provision for conference with workshop committees on technical problems.

IV. No limitation of output.

V. Freedom for every worker to take or leave employment and freedom for the employer to use any and all machinery and to hire any employee, provided that the new employee will immediately join the union.

Although it is not explicit in this summary it should be noted that Mr. Webb's plan coincides with the rest in assuming a triple organization—local, district and national—which would distribute the control of certain matters in an industry between the employers and the unions.

The article on industrial unrest in the volume of papers sponsored by the British Association for the Advancement of

¹ See *Restoration of Trade Union Conditions*, chapter v.

² *Ibid.*, p. 89.

Science¹ also brings forward a plan for the "triple organization" of industry, although its major attention is devoted to problems of function rather than to those of organization. Similarly the valuable Garton Foundation Memorandum² outlines the needs of the industrial structure as including a hierarchy of representative deliberative bodies. Both these statements have the added value of being endorsed by workers and employers who were represented on the drafting committee.

Among the most widely circulated plans for reconstruction have been those embodied in the so-called Whitley report:³

The national industrial councils, in the opinion of the subcommittee, should not be regarded as complete in themselves. . . . It is proposed that each national industrial council should consider the advisability of creating or developing out of the existing machinery for negotiation in its particular industry, district councils representative of trade unions and of the employers' associations . . . and of instituting in particular plants works committees representative of the management and of the workers employed, to act in close co-operation with the district and national machinery.

Since this report also specifies the subjects which it proposes for joint jurisdiction the scheme gains appreciably in definiteness. Moreover the government has put the report into the hands of employers and trade unions to provoke criticism and invite further suggestion; so it is not strange that the Whitley report has become synonymous in the minds of many with the last word on radical industrial readjustment. The Commission on Industrial Unrest already referred to says explicitly that the adoption of the Whitley report would help materially to reduce the current disaffection.

In short, there would seem to be a remarkable unanimity of aim in the minds of the English people. But the appearance

¹ See *Labor, Finance, and the War*, edited by A. W. Kirkaldy.

² See Garton Foundation Memorandum on the Industrial Situation After the War—in some ways the ablest proposal thus far advanced to meet practically the immediate problems of industrial reorganization.

³ The Report to the Prime Minister of the Subcommittee of the Reconstruction Committee, on Relations between Employers and Employed.

is deceptive because the programs thus far named are opportunist and conciliatory in temper. The existence of a growing spirit of different nature has therefore to be emphasized.

An anonymous but presumably prominent correspondent writing in the *London Times* under the title "The Ferment of Revolution"¹ points out that there is a growing body of uncompromising revolutionists, whose attitude

toward the various constructive revolutionary schemes, state socialism, syndicalism and national guilds, the writer described as one of irreconcilable opposition. They regarded them as the invention of middle-class dreamers and as designed to introduce discord into the labor movement. The true reform of society . . . will come through the instincts and the action of the wage earner himself.

Nevertheless, despite their uncompromising attitude these revolutionists do cling more or less definitely to features of the program² advanced in Mr. George Lansbury's *London Herald* in the early summer of 1917. A correct idea of these proposals is gained from a reading of the subtitles.

- (a) Expropriation of private landowners and capitalists.
- (b) All men and women willing to work to be paid.
- (c) Ownership by the state : Management by the workers.
- (d) Minimum real income of one pound a day.

To secure economic independence of all men and women :

- (a) High minimum wage.
- (b) Continuation of war allowance to the women and children of soldiers' families.
- (c) Increase of maternity benefits and maintenance of children during school age.
- (d) Great increase of old-age pensions.
- (e) Revision of war and other pensions periodically in accordance with the increased cost of living.
- (f) Increase of soldiers' pay.

The last proposal that has particular significance in this connection is as follows:

¹ *Christian Science Monitor*, Nov. 1, 1917.

² Reprinted in *The Bulletin*, of the *People's Council*, vol. i, no. 2, N. Y., Aug. 16, 1917.

Abolition of the House of Lords. Substitution for it of a Chamber based on the representation, not of geographical areas, but of occupations, industrial, professional and domestic. Labor and professional bodies thus becoming a constituent part of the country's government. . . . It will represent the people in their capacity as producers, just as . . . a reformed House of Commons will really represent them, in the capacity of consumers.

No less bold in its break with present mechanisms of production is the guild socialist platform and its critique of the Garton Memorandum which it discusses as typical of all the half-way proposals. Considering the claims of milder reconstructionists that their reforms involve the partnership of labor in industry, Mr. Hobson has this to say :

The admission of Partnership is explicit but is it implicit in the proposed organization? . . . The new machinery is to consist of Joint-Committees, representing both Management and Workers. . . . Modifications and safeguards may then be proposed and differences, as far possible, adjusted. *But the wage-system would persist.* . . . The Employers' Associations and Trade Unions are to join hands and constitute a Supreme Board of Control . . . and deal with all questions affecting both parties. *But the wage-system would persist.* . . . A few more years of the wage-system will bring us perilously near to the servile state.¹

Instead of these compromising plans the guildsmen would institute a system of national guilds which is outlined in their own words as follows :

The active principle of the Guild is industrial democracy. Herein it differs from State Socialism, or Collectivism. . . . The Guild manages its own affairs, appoints its own officers from the general manager to the office boy, and deals with the other Guilds and with the State as a self-contained unit. . . . It rejects Syndicalism because it accepts co-management with the State . . . [which] must not be held to imply the right of any outside body to interfere in the detailed administration of the Guild ; but it rightly implies formal and effective co-operation with the State in regard to large policy. . . . For ourselves we are clear that the Guilds ought not and must not be the absolute possessors of

¹ S. G. Hobson, *Guild Principles in Peace and War*, pp. 69, 70, 75.

the land, houses and machinery. We remain Socialists because we believe that in the final analysis the State as representing the community at large, must be the final arbiter.¹

There exist, it will be seen, programs of reconstruction which reflect the policy of nearly every substantial group interested in rehabilitating England's economic life. Although they vary greatly in phrasing and, as we shall presently see, in the proposed scope of joint dealing, they all show a tendency in the same direction; and it is with the meaning of this tendency that we are really concerned. But its meaning will be quite clear only after we have suggested the problems for which the new agencies of industrial government will presumably be asked to assume responsibility. For no small part of the significance of these varied proposals is derived from the astonishingly broadened scope of formal negotiation.

III

Heretofore the subject matter of joint dealing has been "wages, hours and working conditions"—in which the last item was on the whole timidly construed to include few matters of serious importance. The limit to the scope of problems treated in collective bargains was set by the conception of the unions as "fighting organizations." Trade unions have historically been consumers' organizations, concerned, as consumers on the defensive must naturally be, with problems surrounding the standard of living. The effect of an enlarged sphere of joint control is to transform the unions, at least in certain aspects of their work, into organizations of producers. The implications of this change are, as the guild socialists have pointed out, completely revolutionary, striking as they do at the very base of the present notion of industrial organization, control and initiative.

Speaking first of the scope of the national joint organization, Mr. Webb quotes with approval these proposals of Mr. Sparkes: ²

¹ A. R. Orage, *National Guilds*, p. 133. A briefer and more effective statement is to be found in G. D. H. Cole, *Self-Government in Industry*.

² See *The Restoration of Trade Union Conditions*, pp. 97-100.

The Parliament would not concern itself with the adjustment of differences or the settlement of disputes. Means already exist for conducting such negotiations and settling such issues. The function of the Parliament would not be judicial or conciliatory, but constructive.

The agenda of the Parliament would be determined from time to time according to circumstances as they arose. The following matters call urgently for attention from such a joint council of employers and employed in the building industry at the present moment :

1. Regularization of Wages.—The provision of a graduated scale of minimum rates designed to maintain real wages as nearly as possible identical throughout the country. Subsequent advances to be on a national basis.

2. Unemployment.—To acquire a fuller participation in the control of the Board of Trade Labor Exchanges, and to supplement their work by improved organization.

3. Employment of Partially Disabled Soldiers.

4. Technical Training and Apprenticeship.

5. Publicity.—To issue authoritative information upon all matters whereon it is deemed desirable that leaders of public opinion, the press, and the general public should have exact information.

6. Investigation into Possible Lines of Improvement.—To investigate, in conjunction with experts, foreseeable developments, probable changes, and suggested improvements, such as :

Scientific management.

Industrial control and status of labor.

Improvements in design and standards of workmanship.

Closer association between commercial and æsthetic requirements.

Additions to this would be as occasion arose.

The subjects proposed for joint deliberation in the Whitley report are substantially the same as those of Mr. Sparkes, although the reconstruction subcommittee does not specify precisely whether the jurisdiction shall be national or whether certain powers shall be delegated to district or local boards. But regarding improvements in processes or management the Whitley report is far more definite. It recommends for joint control "improvements of processes, machinery, organization, and appropriate questions relating to management and the examination of industrial experiments, with special reference to co-

operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them."¹

As to the wage question, it suggests for joint dealing:

the settlement of the general principles governing the conditions of employment, including the methods of fixing, paying and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry . . . Methods of fixing and adjusting earnings, piecework prices etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates.

A redistribution of powers which has been most carefully thought through is to be found in the plan of the Amalgamated Society of Engineers already mentioned,² but because of its length and its availability to American readers it is unnecessary to give further excerpts from it here. Suffice it to say that the document has the value of allocating in some detail to shop, local, district or national boards functions which in the light of decades of experience in trade-union negotiations have proved to include the matters which each body is competent to handle because of its special knowledge and influence.

In discussing the work of the shop boards the writers in *Labor, Finance and the War*³ also give clear recognition to the principle that authority should be delegated in accordance with function.

(iv) There are other branches of organization concerned with the detailed working of factories which might be carried out by co-operation between the workers and the management. They are functions which, in a large factory, are sometimes delegated to works managers and foremen and concern the precise arrangements as to hours of work, rest periods, working shifts, speed of machinery, the subdivision and grading of labor, discipline etc. These matters might be determined with the assistance of a committee of workers who know the conditions existing in the factory. . . . A certain minimum output would have to be fixed for each workshop so controlled, and it would

¹ See *Monthly Review*, U. S. Bureau of Labor Statistics, Sept., 1917, p. 132.

² See *supra* p. 59.

³ See p. 46.

be to the interests of the industry and all those engaged in it to increase this output as much as possible. Such a committee would be able to guard against speeding up, and would remove one of the main causes to which the restriction of output is attributed.

The same writers go on to develop with interesting elaborateness their ideas as to possible methods of introducing new machines and processes.¹ They suggest:

- (1) That the employers should make a forecast as to the exact effect of the new methods, this to include :
 - (a) Gross financial benefit.
 - (b) Saving in labor employed on present output.
 - (c) Possible increased demand consequent on a certain decrease in price.
 - (d) The amount of new capital required to finance the change.
 - (e) The eventual effect on the labor employed.
- (2) That this forecast should be considered by both the employers or their representatives and by the workers affected or their representatives.
- (3) That an arrangement be agreed upon, equitable in the long run to all parties concerned with due regard to the following facts :
 - (a) Capital takes all the financial risks of the new methods.
 - (b) Capital hitherto had all the advantages of any immediate gain.
 - (c) Labor, at the outset, may be diminished in numbers employed, though eventually a new process results in the employment of more labor, and probably the preservation of the industry. Thus there may be immediate and serious loss to part of the labor hitherto employed.
 - (d) Some labor may benefit immediately if increased pay be given to those working by the new method.
 - (e) Labor is employed in designing and making the machine.
- (4) That it be considered to what extent temporarily displaced labor can or ought to be compensated by means of unemployment insurance or by a percentage of the increased product.

In this seemingly miscellaneous group of functions upon which there is wide agreement that common deliberation should

¹ See p. 49.

take place, there are two or three elements which emerge as notably significant. These are: the extension of the field of joint dealing (a) to problems surrounding the introduction of scientific management in all its ramifications, and (b) to the artistic and qualitative side of production; and the omission from this joint dealing of problems of marketing.

The Garton Memorandum has this to say about the introduction of the science of management:

The reason usually given by the men for their hostility is that the employer, while paying higher wages, takes care that a much more than proportionate increase is effected in his own profits, so that the ratio of distribution becomes less favorable to labor than before. But this, though a natural ground of soreness, is not the main reason of the workmen's opposition. Underlying all economic suspicion is the worker's instinctive aversion to becoming a mindless automaton, performing without variation a cycle of mechanical movements which do not lead to increased general proficiency, which open the way to no higher grade of employment, and which are prescribed not by himself or by the traditions or master craftsmen of his class, but by an outside unsympathetic authority in the shape of the scientific expert. Before the undoubted advantages of national training can materialize in workshop practice, full security must be given against these evils. This can be done only by introducing the system with the full voluntary co-operation of the men; and such co-operation can only be secured by first putting the whole proposition before them, explaining frankly the risks to be faced as well as the benefits to be obtained, and transforming the whole constitution of the works in such a way that the men themselves may have an interest in the new system and some share of control over the working of it.¹

The preceding excerpt from Kirkaldy² voices the same sentiment, with greater elaboration as to the details of operation. The upshot of all the proposals is that scientific management must be absorbed into the economic system with as little delay and interference as possible. With admirable concreteness of thought, the English have understood the obstacles to its im-

¹ Garton Memorandum, p. 49.

² *Supra*, p. 67.

mediate acceptance; since labor's consent is indispensable, that consent is to be secured at any price. And the price is joint supervision of its introduction together with complete protection against unemployment for all workers affected.

Indications of a new interest in artistic production and in the quality of goods mark a definite break with the shoddiness of nineteenth-century capitalist production. The note struck by Ruskin and Morris will not be silenced and, once labor is assured regular employment with some control over the enterprise, the instinct of workmanship will manifest itself again.

The Garton Memorandum specifies that there should be joint decision on "the maintenance of a high standard of design and workmanship" and "the prosecution of research and experiment." Mr. Sparkes, it will be remembered, includes in his "agenda" of subjects for representative settlement, "improvements in design and standards of workmanship. Closer association between commercial and æsthetic requirements." Mr. Hobson affirms that

an industrial democracy will not only insist upon good work but will know how to get it. The best judge of good work and of good foremanship is the workman himself. Give him half a chance, he makes himself a competent artisan; give him a fair chance, he becomes a craftsman.¹

The Lansbury program is consistently incisive when it says:

The present outcry for better scientific and technical training, for the endowment of research in processes which may be adapted to commercial ends. . . . will miss the real educational end if . . . it disregards the necessity for leisure and enjoyment. . . . The problem of education is . . . how to nourish in every individual the desire for a full, free life. . . .

The proper extent of labor's interest in problems of securing raw material and of marketing the product will undoubtedly be a matter of controversy for some time to come. Mr. A. E. Zimmern is quite clear that at present the workers should not

¹ Guild Principles, p. 159.

be given voice in those matters. He said at the Ruskin College Council:

Democratic control, in the present stage, does not involve a demand for control over the commercial side of business—the buying of raw material, the selling of the finished product, and all the exercises of trained judgment and experience that are brought to bear by business men on these questions; . . . at present, at any rate, the workers' demand for democratic control is not a demand for a voice in the business, but for control over the conditions under which their own daily work is done.¹

The Garton Memorandum is also clear on this point: "Matters connected with the sources and supply of raw material and the cultivation of markets for the disposal of the finished products would remain exclusively the concern of purely commercial federations of manufactures, acting in conjunction with the state."²

Mr. S. G. Hobson on behalf of the guild socialists pours out his scorn of this reservation of power in no uncertain terms.

The main proposals of this Memorandum are doomed to failure because they deliberately refuse economic democracy. They do worse. They make a pretense of it. The members of the Supreme Branch of Control are to be elected by ballot. . . . But!³

And then after quoting the above paragraph from the Garton document he adds:

To make a pretense of economic democracy, with its voting by ballot . . . and all the rest of its political gear and then to reserve the substance [*i. e.* control of raw material and markets] for the Employers' Association is to . . . incite to anger the workers whom they set out to placate—or to deceive. . . . This business of raw material is vastly important. It plays today the part in industry formerly played by land. Rent is, at bottom, the economic power exercised by one possessor over another—the other generally being the laborer. With the con-

¹ See *Monthly Review*, U. S. Bureau Labor Statistics, Aug., 1917, p. 137.

² *Ibid.*, p. 83.

³ *Guild Principles*, pp. 86, 87.

trol of raw material, a possessor can frustrate any industrial policy or hold up an industry or a single undertaking indefinitely.

Mr. Hobson uses the coal supply as an illustration and points out that the mine owners, or the state in its capacity of employer, could effectually bring to terms any factory or industry which did not act as the controller of the coal supply desired.

There exists therefore upon this point a sharp difference of policy which, while it may not become a matter of practical controversy in the near future,¹ is destined eventually to give rise to administrative difficulties of no small importance. It is interesting to recall in passing, however, that the British Wholesale Co-operative Society, faced with the threats of boycotted raw material, found it expedient to provide its own raw material by the purchase of ships, tea plantations, orchards and the like. In the manufacturing trades the guild socialists propose that the state become the trustee of raw goods and dispose of them to the producers on stipulated terms.

Without attempting further amplification of the details of the several proposals, we can, however, see that they present a fairly clear picture of the productive life of England controlled by representative groups concerned about the problems of each industry, and brought together to consider economic matters of national interest in some sort of national industrial chamber. And we see that beneath the national structure there is contemplated a network of deliberative bodies in each shop and locality which would make possible a wholesome decentralization of power. There would in time be created a strong national economic unit—a nation organized democratically to produce an abundance of salable goods. What would the existence of such an effective organization mean not only to England but to the world?

¹ In one sense this problem is already a pressing one. The coal situation at the present moment presents a condition where the miners by refusing to work can effectively bring to terms any group which comes into conflict with them. And now that the railroad and transport workers are joined with the miners in a Triple Alliance, the power exerted by those in control of raw material and its carriage can be enormous.

IV

The essence of the reconstruction agitation is a more searching analysis than has previously taken place on any broad scale of the structure of industrial government in the light of our modern conceptions of democracy. It is not too much to say that this analysis could have been avoided by England only at the price of self-preservation. The foundations of British dominion have been severely shaken by the war. The economic forces which underlie English security whether as an island or as an empire require re-alignment and the establishment of a new equilibrium. The meaning of the reconstruction programs is manifold and as yet impossible to grasp in its entirety. But that the actual existence of the inhabitants of England has been jeopardized by her dependence on foreign sources of raw materials and on home sources of dissatisfied proletarian labor, is being understood on an ever-increasing scale. The reconstruction proposals with their more or less conscious correlation of democracy and national perpetuity are the result.

More specifically, the programs of industrial reorganization have five outstanding implications.

I. They indicate a grasp of the principle that organization should be on a basis of interest and function. This is clearly shown by the emphasis on the necessity for the organization of workers, managements and consumers, in order that each group may voice and protect its own interests. This functional conception suggests inevitably the value of industrial constitutions and parliaments, and makes possible a beneficial separation of civic and economic deliberative bodies. At the same time the logic of this idea requires that the scope of joint dealings be widened to include all matters which occasion controversy between any of the parties in interest.

In other words, these proposals more or less completely embody the idea that *wherever there is a function to be performed and where in its performance a difference of interest exists among the parties to the enterprise, there should be a structure of control on a basis of function and a form of control on a basis of representation of all the parties at interest.*

2. They indicate a full acceptance of the idea of national economic unity and of the necessity of that unity to secure maximum productivity. The scale of industry, from the administrative point of view, becomes frankly national. The practical importance of this as giving new emphasis to the nation as an economic organism can hardly be overrated. It means that whatever form of international organization we are able to promulgate, there will still remain strong administrative national bodies with national interests which workers and managements will share to an unprecedented extent. In the absence of an effective international control the conflict of economic interest over raw materials and markets remains more than ever a conflict of nations rather than of labor and capital within any nation.

As a condition of national security there becomes necessary a volume of production which is larger and a unit cost of production which is lower than that of other nations which may be manufacturing for the same trade. This demand gives point to the acceptance of scientific management, and measures which look to its adoption are, as we have seen, an important feature of the new programs.

That this interpretation is neither uncharitable nor erroneous is made plain by the following frank paragraph from the articles in the *London Times*:

The ruling idea to adopt in a national policy . . . is the idea of national syndication, the idea of grouping and amalgamating our industries . . . on a national scale; only upon those lines can we hope to make our industries scientific and progressive, defeat foreign competition and . . . come to an understanding and keep the peace with labor. . . . The alternative to such a reconstruction boldly and openly planned and carried through is decadence and Imperial disintegration.¹

3. The third meaning to be read in the reconstruction literature grows naturally out of the second, as the above quotation clearly indicates. Reconstruction may be devoted to selfishly imperialistic ends. There is much of the discussion about the empire that lends itself to a quite invidious inter-

¹ The Elements of Reconstruction. Quoted in Kirkaldy, p. 55.

pretation.¹ It is possible to imagine that certain statesmen of England are working with an eye single to the world prestige of the British Empire after the war; and that they see in the industrial security which any drastic reconstruction program would help to guarantee an essential condition of English priority. But while it is conceivable that this position is widely accepted, it is on the whole unlikely that it is held by any but a small minority. The motives of the most tory of diplomats are undoubtedly mixed, and their ideas are a peculiar combination of Manchester School economics and Kipling imperialism. Nevertheless, more or less consciously they are groping for some scheme or method or program which will reconcile industrial peace with high productivity. Reconstruction will interest the imperialists only as it promises to achieve these ends.

4. On the other hand there are the great majority who repudiate the motives of empire, expansion and exploitation. To them reconstruction means the creation of an economic structure which will lack the profit motive and the profit taker. Believing that reconstruction if it is to be fundamental must admit the workers and the state to sufficient control to minimize and gradually abolish profiteering, the guild socialists and other radicals are giving to reconstruction a meaning of their own. Indeed, from this difference of meaning rises still another fact which has perhaps the greatest significance of all.

5. This fact is that the uses to which reconstruction will be put will depend to a large extent upon the wishes of the workers. Final decision as to whether England is to use her first energies to realize imperial ambitions or to assure equal

¹The not too popular British protectionist, Mr. J. Ellis Barker, concludes an article in *The Nineteenth Century and After* for October 1916, on "Britain's Coming Industrial Supremacy" with the words: "The present war should give the industrial supremacy of the world to the British Empire."

There exists in London an Imperial Resources Development Committee which naively advanced a scheme that the empire should operate Africa as a great landed estate to help wipe out the war debts. This scheme was received with such derision by the more liberal elements that little has since been heard of it.

There is, again, the agitation for a National Party which would probably be an imperialist protectionist party to restore the prestige after the war of an empire "upon which the sun never sets."

opportunity and an adequate living to the citizenship of a British Commonwealth rests with those upon whose labor depends the material for any development. Of course, the labor movement may by inactivity and indecision forfeit its prerogatives; and it is true that as yet no definitive stand has been taken by the official working-class movements on the reconstruction schemes.¹

What is perhaps most likely to happen is that the workers will grope toward some sort of compromise decision. They may accept the conclusions of Mr. Sidney Ball² and believe that it is possible to reconcile socialism and imperialism. Certainly some such position as that will be taken by many of the middle class. The fact to be borne in mind, however, is that the working class can determine, if it will, the economic policy which England is to pursue after the war. And even if, at the immediate close of the war, the labor movement does not take a clear and positive stand, it is highly probable that in a very few years thereafter it will declare itself without equivocation in complete repudiation of imperialistic aims.³ That this stand will sooner or later control the diplomatic policy of England will not be seriously questioned by those who know the temper of English labor. For whenever the workers do not like the course events are taking, they can—and will—abstain from labor, and the pressure of non-productivity is to the British investor the supremely effective reagent.

¹ This was written (December, 1917) before the Labor Party's brilliant essay in the diplomatic field brought it to the front as the one vital and strongly organized group in English political life. Labor has now declared itself in favor of a society reconstructed from top to bottom.

² See his minority report in *Labor, Finance and the War*, p. 55. "If we have any conception of national or imperial purpose, industry must be regarded as not simply the concern of buyers and sellers, whether of commodities or (still less) of labor; but of public policy and national welfare; it cannot be regarded as an *imperium in imperio*; its policy must be considered from and subordinated to a national and imperial policy as a whole. . . . These views may be summed up in the conviction that a genuine nationalism or imperialism and a genuine socialism, properly understood, are different aspects of the same thing. . . . It is only by their union that the problem of combining unity and efficiency with freedom and responsibility of groups and individuals can be secured."

³ For later evidence, see the text of the British Labor Party's War Aims, *New York Evening Post*, Jan. 4, 1918, and "Labor's After-War Economic Policy," by Arthur Henderson, *ibid.*, Jan. 8, 1918.

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The reconstruction programs have the value and vitality of plans drawn to meet pressing and immediate needs. They are realistic in texture and based without exception on a profound understanding of the nature of modern industry. Their differences grow out of divergent conceptions of the speed of economic developments, and not out of a failure to visualize all elements at work in the situation. For this reason the choices which England makes will be in a direction which other countries with a similar economic arrangement must take. Reconstruction is not merely the topic of the hour in a troubled England. It is the problem of the generation in all countries where the capitalist system of production has reached maturity.

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